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ABSTRACT

An evaluation was conducted of the Hawaii Food Stamp Employment and Training (FSE&T)/Job Opportunities and Basic Skills Program Conformance Demonstration, known as PRIDE (Positive Response in Developing Employment). The cost component determined impact of the demonstration on costs of administering and providing activity components and support services to FSE&T participants. The analysis addressed Hawaii FSE&T program costs statewide, in the demonstration site on Oahu, and in the comparison site on Hawaii. Findings indicated that the total costs of the program on Oahu quadrupled from the baseline to the demonstration period. The costs of the program in the comparison site doubled. The increase in FSE&T expenditures statewide was also very large. Total costs almost tripled from the baseline to the demonstration period; most was due to the expenditures in the PRIDE program. Distribution of costs in the two sites was similar. Direct service delivery costs accounted for 75-80 percent of total costs in each site. Support services accounted for a bigger share in the comparison site, administrative services for a larger share in the demonstration site. At the state level, administrative costs made up a larger share and direct delivery costs made up a smaller share of costs. The primary source of the increased expenditures in the demonstration site was direct service delivery costs. (Cost data tables are appended.) (YLB)

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ED 415 376

# Hawaii Food Stamp Employment and Training/JOBS Conformance Demonstration:

## Cost Evaluation Final Report

Dave N. Norris
Christopher T. King

May 1997

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In addition, we could not have performed this analysis without understanding more about the day-to-day operations of both the regular FSE&T programs as well as the demonstration. We wish to thank the following local staff for helping us in this regard: Sandra Wright and Reggie Vaughn with the PRIDE demonstration site on Oahu; Mel Arai and Carol North at the Hilo site on the island of Hawaii; and Sami Beimborn at the Kono site, also on the island of Hawaii.

At CHR, production assistance was provided by Karen Alan and Diane Tucker of the administrative staff at CHR.

## Executive Summary

The Center for the Study of Human Resources (CHR) of the LBJ School of Public Affairs at The University of Texas at Austin conducted a two year evaluation of the Hawaii Food Stamp Employment and Training (FSE&T)/Job Opportunities and Basic Skills (JOBS) Program Conformance Demonstration, known locally as PRIDE, under contract to the Hawaii Department of Human Services (HDHS). The demonstration and the evaluation were sponsored by the Food and Nutrition Service of U.S. Department of Agriculture. The evaluation was designed to assess the impact of the demonstration on participation patterns, service delivery, client outcomes, and costs. The evaluation encompassed the period from January, 1992 to June, 1995. This report presents the results from the cost component of the evaluation.

### Cost Analysis

The purpose of the cost analysis is to determine the impact of the demonstration on the costs of administering and providing activity components and support services to FSE&T participants. The analysis addresses Hawaii FSE&T program costs statewide, in the demonstration site on the island of Oahu, and in the comparison site on the island of Hawaii. The study covers a three-year period from the baseline (January 1992 - June 1993) through the demonstration period (January 1994 - June 1995). The last six months of 1993 were excluded since this was a transition period to the demonstration.

The research questions for the cost study were as follows:

1. Was there a significant difference in the cost of the FSE&T demonstration program compared to both the pre-demonstration program and the comparison site program?
2. What were the sources of any identified cost variations?

Due to data limitations, some components of total expenditures could not be disaggregated. For example, support services data were reported by DLIR as an aggregate figure; however, HDHS provided some disaggregated support services data and some aggregated. Therefore, for consistency purposes support services (child care, transportation and work related expenses) are presented as an aggregate figure in this report. Furthermore, the expenditures for various component services were reported in a form such that they could not be identified separately.

Other data limitations may cause accuracy problems in the baseline cost figures. Much of the cost data for this report were obtained from HDHS expenditure sheets for various contracted services by HDHS. However, for four of the FSE&T service contracts which CHR received from HDHS there were no accompanying expenditure sheets to verify that payments were made. Therefore, these contract amounts were excluded from the cost analysis. All of these excluded amounts were for contracts covering some part of the baseline period. As a result, if expenditures were made on these contracts, then excluding them would decrease the baseline cost figures and make the increase in costs due to the demonstration appear larger. This issue is still unresolved.

The cost analysis reveals that the operation of the PRIDE demonstration program on the island of Oahu required a far greater commitment of resources than was required in the pre-demonstration program or in the comparison site on the island of Hawaii. The total costs of the FSE&T program on Oahu quadrupled from the baseline to the demonstration period. The costs of the FSE&T program in the comparison site doubled from the baseline to the demonstration period, but the increase was small relative to the demonstration site.

The increase in FSE&T expenditures statewide was also very large. The total costs almost tripled from the baseline to the demonstration period, and most of the increase was a result of the expenditures in the PRIDE program.

**Table A. Food Stamp E&T Total Costs**

| | Baseline Period | Demonstration Period |
|---|---|---|
| **Demonstration Site** | $292,009 | $1,367,292 |
| **Comparison Site** | $111,327 | $233,439 |
| **State** | $818,747 | $2,356,056 |

The distribution of costs in the two sites was similar. Direct service delivery costs accounted for about 75 to 80 percent of total costs in each site. However, support services accounted for a bigger share in the comparison site, while administrative services accounted for a larger share in the demonstration site. The shares at the state level differed significantly. Administrative costs make up a larger share of costs statewide that they do in the demonstration or comparison sites. Also, direct delivery

costs make up a smaller share of costs statewide than they do in the demonstration or comparison sites.

The primary source of the increased expenditures in the demonstration site was direct service delivery costs which accounted for almost 80 percent of total costs during the demonstration period. Administrative costs rose quite dramatically, but they represented only about 20 percent of total costs. Support services costs actually declined in the demonstration site.

**Table B. Cross-Site Total Cost Shares**

| | Baseline Period | Demonstration Period |
|---|---|---|
| **Demonstration Site** | | |
| Administrative Costs | 6% | 19% |
| Direct Delivery Costs | 80% | 79% |
| Support Services Costs | 14% | 2% |
| **Comparison Site** | | |
| Administrative Costs | 6% | 6% |
| Direct Delivery Costs | 82% | 75% |
| Support Services Costs | 12% | 19% |
| **Statewide** | | |
| Administrative Costs | 41% | 26% |
| Direct Delivery Costs | 44% | 70% |
| Support Services Costs | 14% | 4% |

The cost study conclusion that direct service delivery costs are the source of the increased expenditures in the demonstration site is consistent with the process and implementation findings of increased intensity of service delivery. The PRIDE demonstration increased the intensity and scope of services offered to Food Stamp work registrants, including a detailed assessment of the participants barriers to employment followed by referral to barrier removal services provided by various community organizations specializing in such areas. These intensive services proved to be much more expensive than the previous FSE&T model in an attempt to achieve better outcomes for the program participants.

This increase in the scope and intensity of services is most clearly reflected in the per-participant and per person-month figures in the demonstration site. Both measures showed a dramatic increase from the baseline to the demonstration period. The per person-month cost rose from $142 in the baseline to $1,007 in the demonstration period. The per-participant figure increased by even more due to increases in the duration of participation in the demonstration site. It seems clear from the cost study that the more intense focus of resources on each individual was reflected in significantly higher per person-month costs.

The cross-site cost comparison was complicated by the difference in size between the demonstration and comparison sites. Oahu accounted for about 70 percent of Food Stamp cases in the state during the baseline period. As a result, the per-participant and per person-month analysis can provide more insight into the differences in the two sites than can the total cost comparison. The cost per person-month figures were similar between the two sites in the baseline period, $142 in the demonstration and $112 in the comparison site. However, during the demonstration period that relationship changed dramatically. On Oahu the cost per person-month rose to $1,007, while on Hawaii it rose to only $243. It is in these cost per person-month figures that the increased scope and intensity of services can be seen producing dramatically different cost results.

**Table C. Per Person-month Cost**

| | Baseline Period | Demonstration Period |
|---|---|---|
| **Demonstration Site** | $142 | $1,007 |
| **Comparison Site** | $112 | $243 |

## Conclusion

The PRIDE program on the island of Oahu increased the scope and intensity of its service delivery system in an attempt to better serve the hard-to-serve clients that entered the program as a result of its new targeting model. Particularly, the intensity of assessment services was greatly increased. These intense services and the case management system that supported them required significantly larger program expenditures for each individual client than did the regular FSE&T program. Although the goal of the program was to maximize the employability of these clients, the CHR impact study has discovered very few positive impacts of the demonstration on clients. In light of the cost and impact results from the CHR studies, there seem to be serious

questions about whether the type of FSE&T program model used in Hawaii is worth the higher initial expenditures.

## I. Introduction

The Center for the Study of Human Resources (CHR) of the LBJ School of Public Affairs at The University of Texas at Austin conducted an evaluation of the Hawaii Food Stamp Employment and Training (FSE&T)/Job Opportunities and Basic Skills (JOBS) Program Conformance Demonstration under contract to the Hawaii Department of Human Services (HDHS). The demonstration and the evaluation were sponsored by the Food and Nutrition Service of U.S. Department of Agriculture. The evaluation was designed to assess the impact of the demonstration on participation patterns, service delivery, client outcomes, and costs. The evaluation encompassed an eighteen month baseline period from January, 1992 through June, 1993 and eighteen months of the demonstration from January 1994 through June 1995. This report presents the results from the cost component of the evaluation.

### Conformance Demonstration Overview

Hawaii's Food Stamp Employment and Training/JOBS Conformance Demonstration was in operation on the island of Oahu between November 1993 and September 1996. The Oahu program was given the name PRIDE (Positive Response in Developing Employment), and its goals were to:

- Maximize the employability of Food Stamp recipients and reduce Food Stamp dependency through improved consistency and coordination between the JOBS and FSE&T programs (primary goal).
- Coordinate across programs to reduce administrative and service costs.
- Enhance FSE&T services through the use of a new case management system, the addition of new barrier removal and family social support services, and an expanded emphasis on educational activities.
- Decrease program errors due to reduced complexity of and conflicts between program regulations for the FSE&T and JOBS programs.

The demonstration also was intended to increase overall fairness by offering all public assistance recipients "the same realistic and meaningful opportunities to achieve self-sufficiency." The key features of PRIDE's strategy included the introduction of a comprehensive case-management approach designed to link families and individuals to needed support services for the removal of psycho-social barriers to employment, followed by the provision of needed employment preparation training, basic education, and vocational training services. As stated by HDHS in its process and implementation

report, "the PRIDE program is attempting to demonstrate that a JOBS-like E&T program will prove to be more beneficial to the participants due to its comprehensive and multi-disciplinary approach."(HDHS Process and Implementation Report, p. 17)

**PRIDE Evaluation**

Three complementary research approaches were used to evaluate the PRIDE demonstration. These research approaches are:

- A process evaluation of FSE&T program operations at the demonstration (Oahu) and the comparison (Hawaii) sites, conducted by Hawaii DHS.
- An impact study conducted by CHR that includes statistical analyses using measures designed by HDHS and CHR staff and program data from the demonstration and a comparison site.
- A cost analysis of the demonstration project conducted by CHR.

**Cost Analysis**

The purpose of the cost analysis is to determine the impact of the demonstration on the costs of administering and providing activity components and support services to FSE&T participants. The analysis addresses Hawaii FSE&T program costs statewide, in the demonstration site on the island of Oahu, and in the comparison site on the island of Hawaii. The study covers a three-year period from the baseline (January 1992 - June 1993) through the demonstration period (January 1994 - June 1995). The last six months of 1993 were excluded since this was a transition period to the demonstration.

Direct program costs, per participant costs, and per person-month costs are examined at the demonstration and comparison sites during the baseline and demonstration periods. Cross-site analysis is also conducted to provide more information on the sources of the cost changes in the demonstration site. The analysis also attempts to identify key changes in the program operations and service delivery design that appear to have affected the cost differentials.

Hawaii HDHS and the Department of Labor and Industrial Relations (DLIR), the statewide contractor for the regular FSE&T program during the evaluation period, supplied aggregate and detailed program cost data. CHR researchers organized and analyzed the data. Per participant and per person-month figures were derived from expenditure data provided by HDHS and DLIR and participant data provided by HDHS. Appendix A contains the detailed cost data tables, further breakdowns of the data are contained in the body of this report.

**National Evaluation**

The USDA contracted with Social Policy Research (SPR) Associates, Inc., to aggregate the results of the FSE&T/JOBS conformance demonstration evaluations operating in five states. SPR completed a final report based on the implementation and process studies conducted by each of the states during the Fall, 1996. SPR will complete its aggregation of the cost and impact studies during 1997.

**PRIDE Evaluation Reports**

In addition to the reports being generated by the CHR, the state of Hawaii has produced two reports on the FSE&T/JOBS conformance demonstration. The State of Hawaii Department of Human Services released the *E&T/JOBS Conformance Demonstration Project Implementation and Process Report* in May, 1996. CHR researchers are also releasing a final PRIDE impact study concurrently with this report in Spring, 1997.

**Organization of Text**

Section two describes the features of the statewide FSE&T program in Hawaii during the evaluation period, and reviews the expenditures associated with FSE&T during that period. Section three presents the costs associated with the Oahu FSE&T program from the baseline through the PRIDE demonstration period. Section four contains the cross site comparison of the Oahu PRIDE program with the regular FSE&T program in the comparison site of Hawaii.

## II. Hawaii Food Stamp E&T Program Costs

### Food Stamp E&T in Hawaii

Prior to the demonstration, HDHS contracted with the Hawaii Department of Labor and Industrial Relations (DLIR) to operate FSE&T services through designated FSE&T staff housed in its local Employment Services offices on Oahu, Kauai, Hawaii, and Maui. FSE&T services available on Oahu and the other sites prior to the demonstration included: individual job search, job search skills training, non-reimbursable referral to basic education services, non reimbursable referral to vocational skills training, and work experience. All mandatory work registrants were referred by HDHS eligibility workers to the FSE&T Program. After an initial assessment interview, DLIR FSE&T staff developed an employability plan and directly provided or referred participants to one or more components as appropriate. Individual job search was the most frequently used component at each site prior to the demonstration and continued to be the most frequently used component in the non-demonstration counties during the demonstration period.

Between November 1993 and June 1995, the FSE&T program in Hawaii, Maui, and Kauai operated without major organizational or service redesigns. The PRIDE demonstration was implemented throughout Oahu in November 1993, after a brief transition period during which the old FSE&T program was suspended and the FSE&T caseload was terminated. At the time the demonstration was initiated, Oahu accounted for slightly over 70 percent of all Food Stamp cases in the state.

### Hawaii FSE&T Statewide Expenditures

The funding for the Hawaii FSE&T program came from a combination of federal and state dollars. The federal government provided a basic grant by formula to the state, and expenditures beyond the grant were funded by a 50/50, state/federal match. The expenditures beyond the 100 percent federal grant included demonstration funds, and expenditures for dependent care, transportation and other work-related expenses. The demonstration funds were used to pay for delivery of PRIDE orientation sessions, pre-employment preparation sessions, and for the purchase of individual education and training services for demonstration participants. These funds were also used to pay for the evaluation.

Due to data limitations, some components of total expenditures could not be disaggregated. For example, support services data were reported by DLIR as an

aggregate figure; however, HDHS provided some disaggregated support services data and some aggregated. Therefore, for consistency purposes support services (child care, transportation and work related expenses) are presented as an aggregate figure in this report. Furthermore, the expenditures for various component services were reported in a form such that they could not be identified separately.

Other data limitations may cause accuracy problems in the baseline cost figures. Much of the cost data for this report were obtained from HDHS expenditure sheets for various contracted services by HDHS. However, for four of the FSE&T service contracts which CHR received from HDHS there were no accompanying expenditure sheets to verify that payments were made. Therefore, these contract amounts were excluded from the cost analysis. All of these excluded amounts were for contracts covering some part of the baseline period. As a result, if expenditures were made on these contracts, then excluding them would decrease the baseline cost figures and make the increase in costs due to the demonstration appear larger. This issue is still unresolved.

Statewide expenditures for the FSE&T program are summarized below in Figure 2.1. During the demonstration period from January of 1994 to June of 1995, Hawaii *substantially increased state and federal expenditures* to support the increased costs of the intensified case management and barrier assessment/removal services offered to PRIDE participants. Our data show that total statewide expenditures for the FSE&T program increased from $818,747 during the baseline period to $2.3 million during the demonstration period. Of that $1.5 million dollars in increased expenditures statewide, about $1 million was directed at the PRIDE demonstration program on Oahu, while expenditures in the rest of the state roughly doubled with an increase of about $500,000. Most of the increased costs occurred in expenditures for direct delivery of services which *increased nearly five-fold* to $1.64 million during the demonstration period. However, administrative costs also increased dramatically, nearly doubling during the same period.

Even though more funding was made available for support services, actual expenditures on support services *decreased slightly* from $114,425 during the baseline to $97,355 during the demonstration period. This is likely a result of the decline in the total number of participants served from the baseline to the demonstration period.

**Figure 2.1**
**Cost Distribution Statewide for the FSE&T Program**

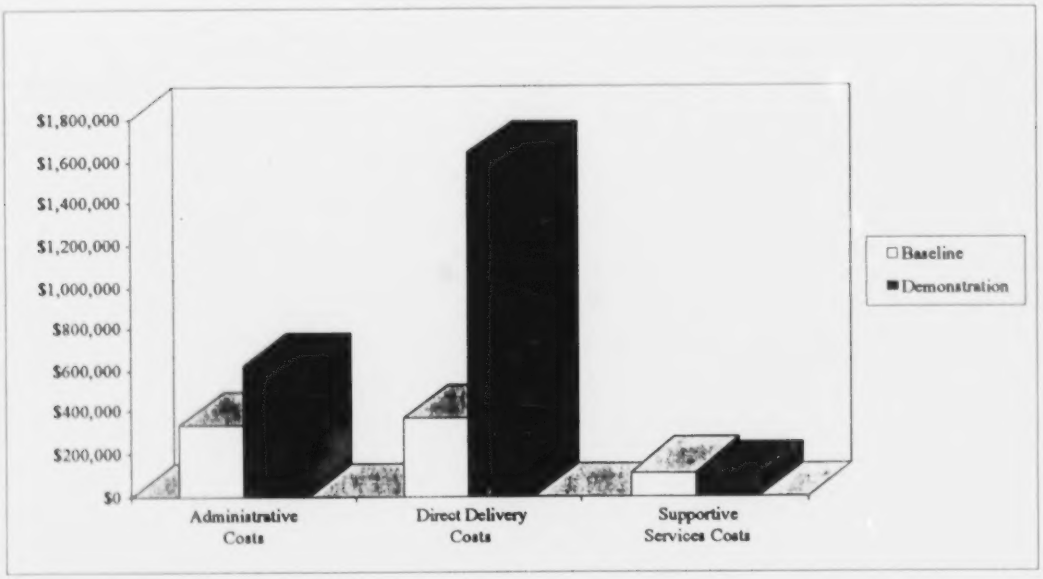


Figure 2.2 shows that the share of state expenditures shifted during the demonstration period. Direct delivery costs increased from 45 percent of total direct expenditures to 70 percent during the demonstration, while the shares of administrative costs and support services costs each declined. This shift of costs shares at the state level is mostly reflecting similar costs shifts in the demonstration site.

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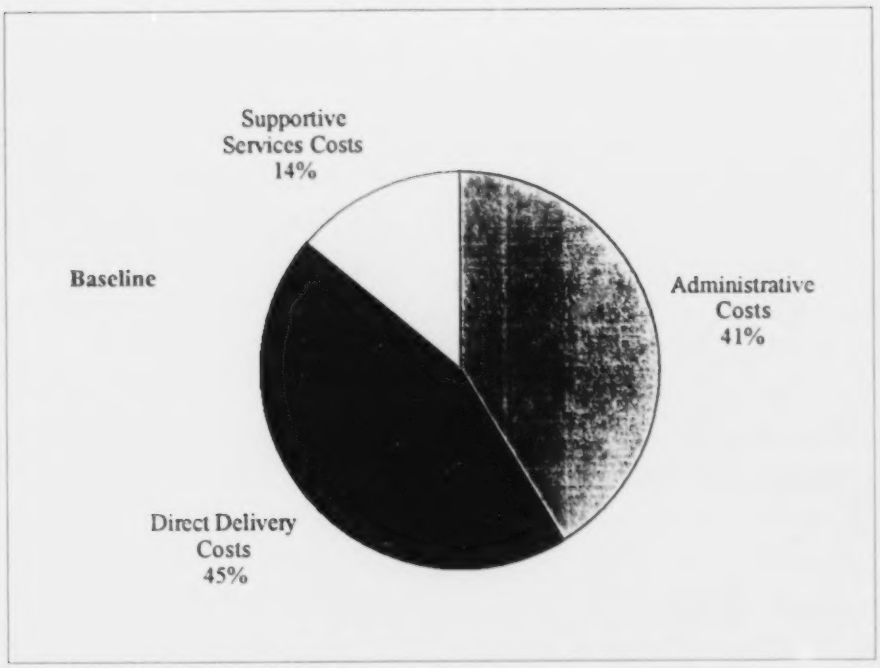
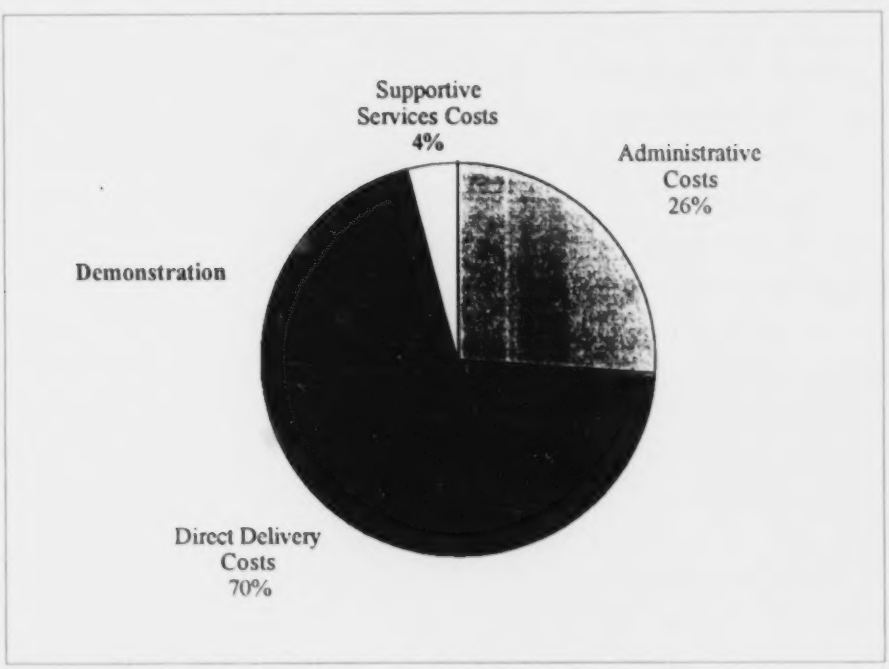
**Figure 2.2**
**Shares of Direct Total Costs Statewide**

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## III. PRIDE Demonstration Program Costs

There were a number of characteristics of the PRIDE demonstration which differed from the regular FSE&T approach. These changes likely are largely responsible for the differences in the demonstration and comparison site costs. Although PRIDE did not call for the complete consolidation of PRIDE and JOBS services, the demonstration program implemented the JOBS work registration rules for demonstration participants. In the regular FSE&T program all mandatory work registrants were referred to the FSE&T program. However, for the PRIDE demonstration Hawaii tested a targeting model that was dramatically different from the previous FSE&T approach. Rather than calling in all mandatory work registrants for service, the PRIDE program called for selective targeting of "hard-to-serve" individuals who met criteria similar to the JOBS targeting criteria, as well as several additional priority criteria. The additional criteria included work registrants who were homeless, whose primary language was one other than English, and those with less than a high school diploma. The program called for at least 55% of work registrants referred to PRIDE to belong to at least one of these target groups.

The PRIDE demonstration also increased the intensity and scope of services offered to Food Stamp work registrants, including a detailed assessment of the participants' barriers to employment followed by referral to "barrier removal" services provided by various community agencies specializing in such issues or problems. These intensive services proved to be much more expensive than the previous model in an attempt to achieve better outcomes from the program.

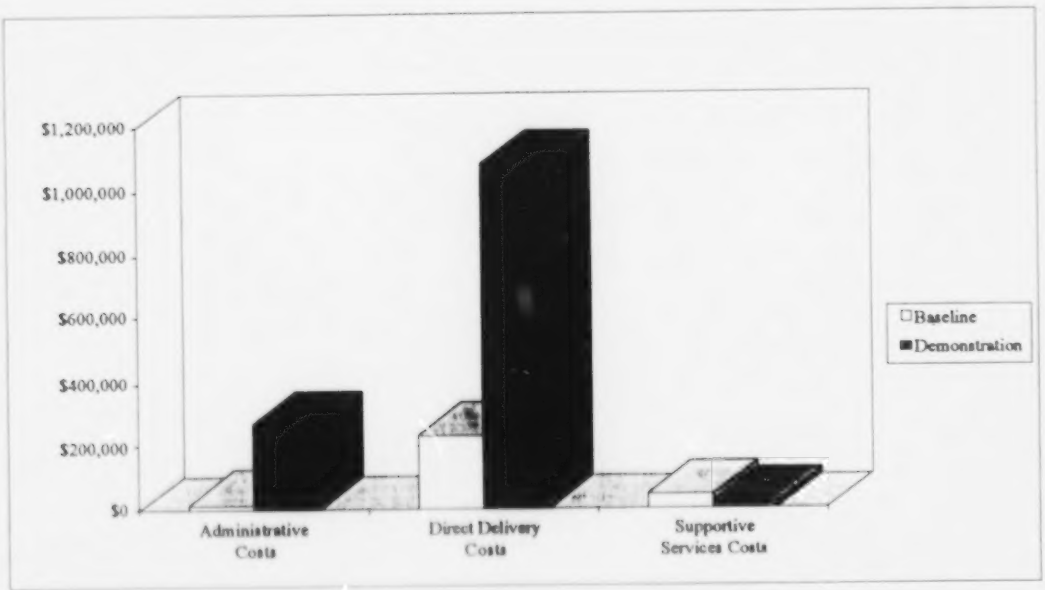
The PRIDE program model also called for expanding the availability of supportive services to conform to the JOBS supportive service design. As a result, child care expense reimbursements available to PRIDE participants increased substantially over the levels available under the FSE&T program, as did the monthly amounts available for reimbursement of transportation expenses. Expanded supportive services available to PRIDE participants also included small one-time payments for training-related expenses, such as work tools or clothing, and payment of a variety of one-time work-related expenses upon exit from the program. However, as the cost data that follows show, it seems that the participants did not take full advantage of this increased availability of supportive services.

### Direct PRIDE Program Costs

From the baseline to the demonstration period total direct costs in the Oahu demonstration site rose from $292,009 to $1.3 million. Figure 3.1 shows the distribution of costs in the demonstration site. Administrative costs and direct delivery costs

increased dramatically, while supportive services costs actually fell by 50 percent. The increase in administrative costs was largely the result of $233,073 of HDHS administrative expenditures for PRIDE.

**Figure 3.1**
**Cost Distribution in Oahu Demonstration Site**




Most of the dramatic cost increase in total costs in the demonstration site was due to increasing direct delivery expenditures. Direct delivery costs grew from only $231,717 in the baseline to $1,077,055 during the demonstration period. This increase was largely the result of expenditures for detailed assessment and barrier removal services. However, the increased intensity of the existing FSE&T component services also contributed to the cost increase.

The decrease in expenditures on supportive services was primarily due to the drop in total participants from the baseline to the demonstration period. Even though more funding was made available for the child care and transportation, there were fewer clients to take advantage of these services.

As Figure 3.2 shows, the relative shares of direct total costs shifted somewhat from the baseline to the demonstration period. Direct delivery costs stayed around 80 percent of total direct costs, while the share for administrative costs rose from 6 percent to 20 percent, and support services costs fell from 15 percent to less than 2 percent of total direct costs.



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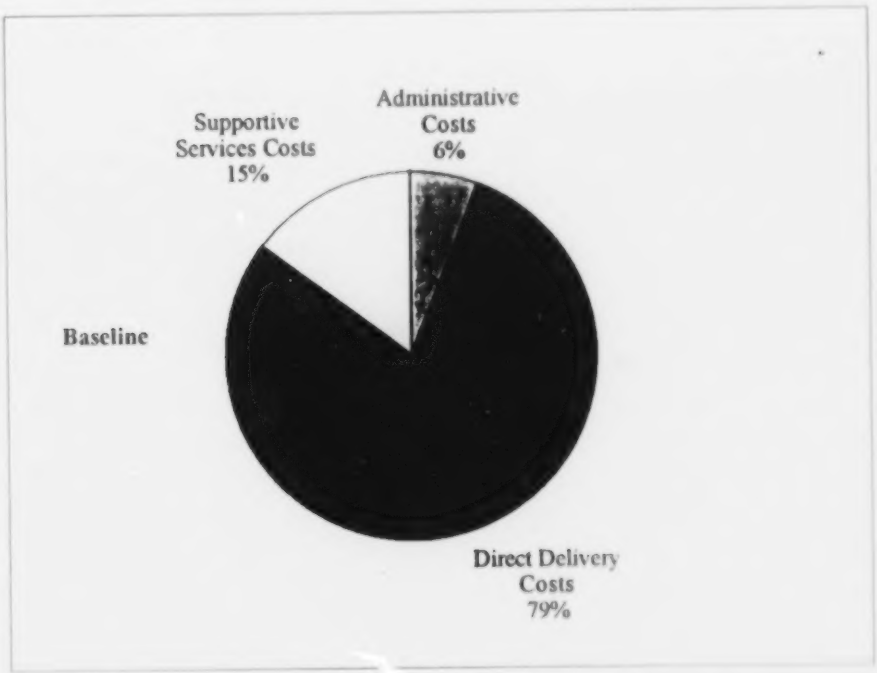
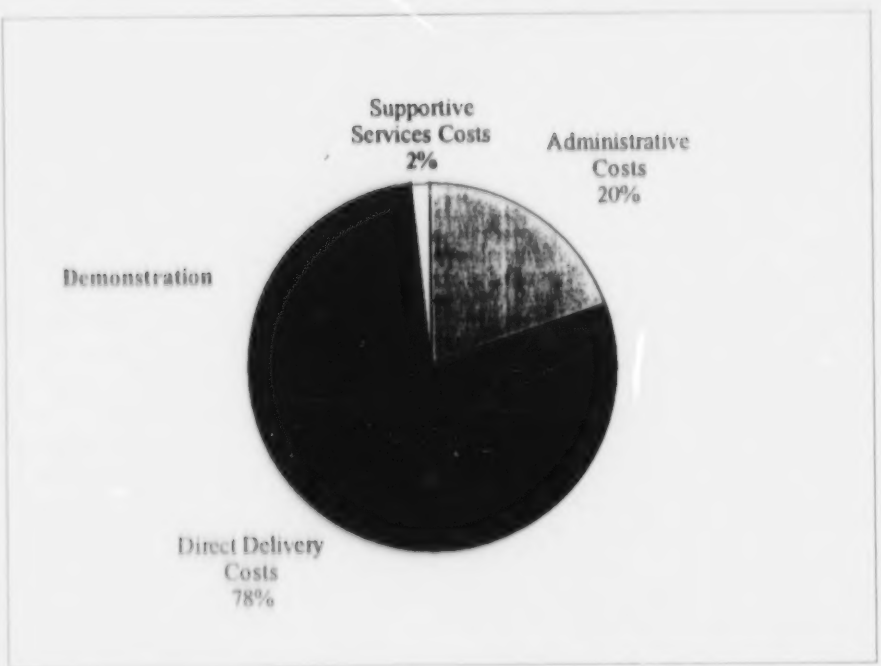
**Figure 3.2**
**Share of Direct Total Costs in PRIDE Demonstration**

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**PRIDE Program Costs Per Participant**

Since individual cost level data were not available, CHR derived costs per participant and cost per person-month for the demonstration site. The *costs per participant* are a result of averaging all direct costs across all participants, which yields a figure for the average cost of providing services to a participant. These figures that reflect a variety of influences. Per participant costs can vary dramatically across participants due to differences in services received, the intensity of those services, and differences in the level and duration of participation. These various effects are difficult to separate out. Therefore, average per participant cost figures must be interpreted in light of changes in participation patterns, program funding levels, and intensity of services.

Per person-month cost figures, on the other hand, reflect the average cost of delivering a month of services to a client. This measure is influenced by the intensity and type of services received by a client during a participation month. However, *costs per person-month* measures are an improvement over costs per participant in that they are not directly affected by differences in participation or duration. Both measures will be presented here.

The per person-month figures for Oahu are presented in Figure 3.3 and the per participant figures are presented in Figure 3.4. Both measures show a dramatic increase from the baseline to the demonstration period. Cost per participant increased from $161 in the baseline to $1733 during the demonstration, while cost per person-month increased from $142 to $1,007. The increase in the per-participant figure was larger than that of the per person-month figure because of the increase in duration of participation during the demonstration period. Clients were participating in the program for longer durations causing their average per participant costs to rise faster than the average per person-month cost. The enormous increase in both per participant and per person-month figures is largely due to the greater scope and intensity of services provided by PRIDE and the dramatic decline in the number of participants from the baseline to the demonstration period.

**Figure 3.3**
**PRIDE Demonstration Costs Per Person-month**

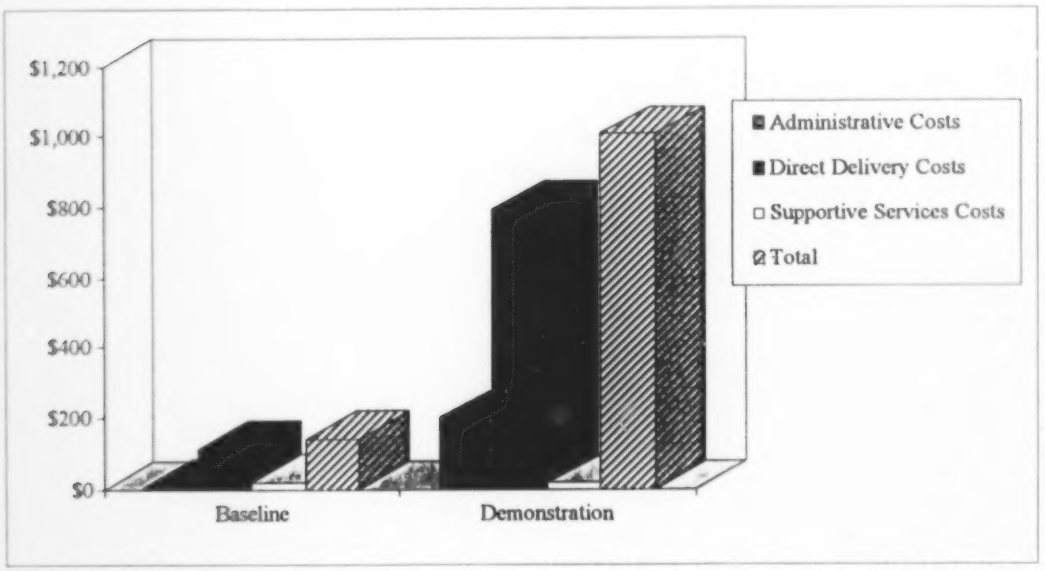
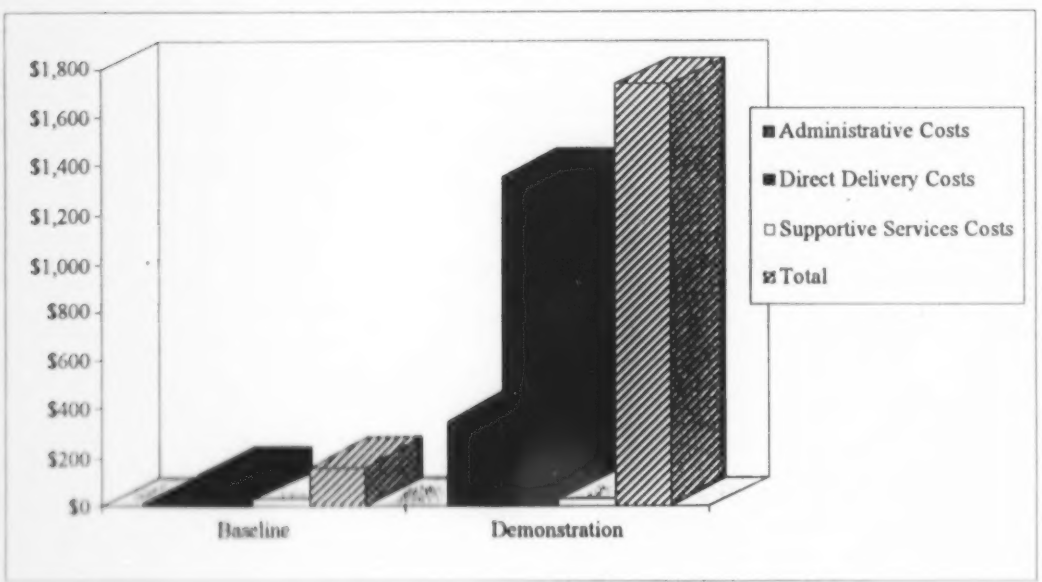



**Figure 3.4**
**PRIDE Demonstration Costs Per Participant**

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## IV. Cross-Site Program Cost Comparisons

The PRIDE program in Oahu provided access to a wider range of more intensive component services than was provided in the regular FSE&T program in Hawaii, the comparison site. From November 1993 through June 1995 the Hawaii FSE&T program operated without major organizational or service redesigns. Participation patterns exhibited little change on the island of Hawaii, unlike on Oahu, and service delivery on Hawaii was virtually unchanged from the baseline through the demonstration period.

### Cross Site Direct Total Costs

Figure 4.1 shows the breakdown of direct total expenditures in Hawaii during the baseline and demonstration periods. The majority of the costs were in direct delivery with significant expenditures on support services during the demonstration period. Administrative costs were small, but they more than doubled from the baseline to the demonstration period. The three-fold increase in support services in Hawaii seems to be due to an increase in the percent of total participants using these services, since the total number of participants actually declined. The reason for this increase in costs is unclear.

As Figure 4.2 shows, the distribution of costs in the Hawaii comparison site shifted only slightly from the baseline to the demonstration with the share for direct delivery falling from 81 percent of total costs to about 75 percent. The share for support services rose from 12 percent to 18 percent, and the share for administrative costs stayed about the same.

The cross-site direct total cost comparison for Hawaii and Oahu during the baseline and demonstration periods is presented in Figure 4.3. The costs of providing service components to FSE&T participants in PRIDE increased tremendously compared to the costs of providing services in Hawaii. During the evaluation period, the total direct costs in Hawaii grew from $111,327 to $233,439, while the total direct cost in Oahu rose from $292,009 to $1,367,292. The program in Hawaii was considerably smaller during the baseline period, but actually served more clients during the demonstration period than were served in the Oahu PRIDE program (as a result of the more restricted client targeting model used in the PRIDE program). Expenditures on support services in the comparison site were actually more than in the demonstration site during the demonstration period. However, the difference in HDHS administrative costs in the PRIDE demonstration program, along with the dramatic increase in direct delivery costs during the demonstration, made the PRIDE program total expenditures dwarf that of the

comparison site. This difference in total costs is at least partially due to the increased scope and intensity of services provided in the demonstration site.

**Figure 4.1**
**Pre/Post Cost Distribution in Hawaii Comparison Site**

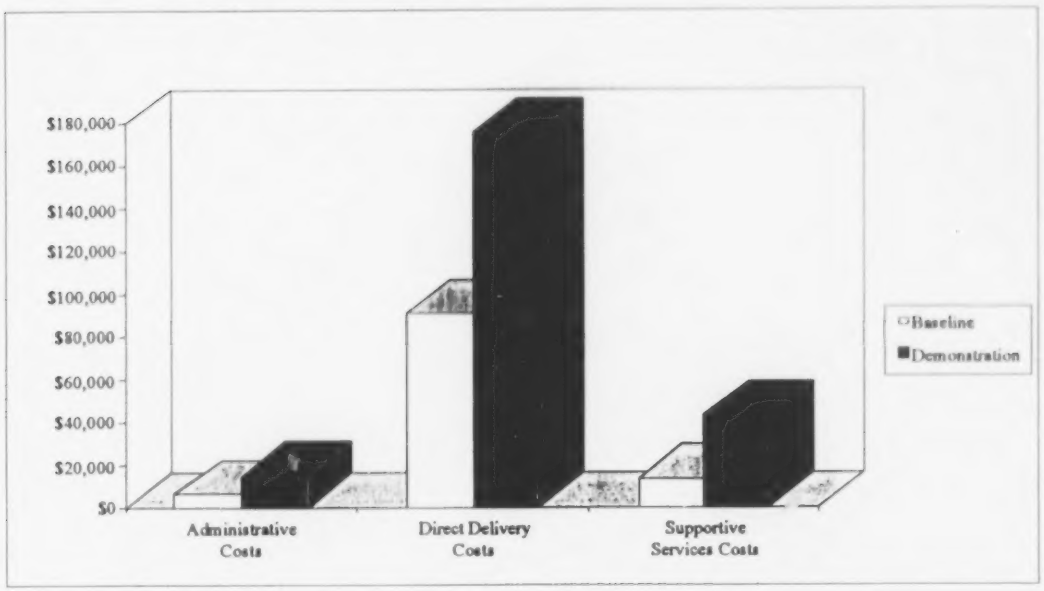


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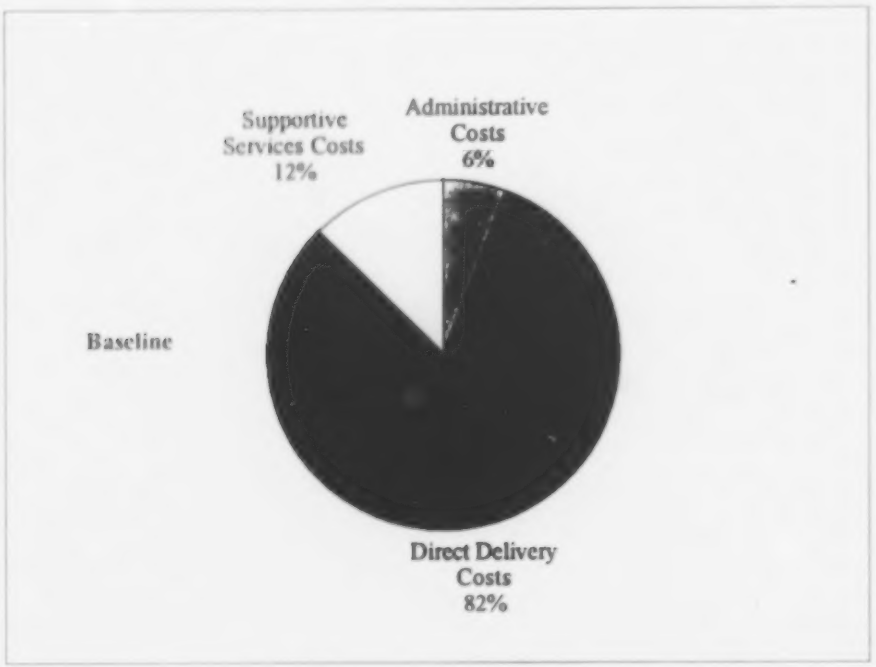
**Figure 4.2**
**Shares of Direct Total Costs in Hawaii Comparison Site**



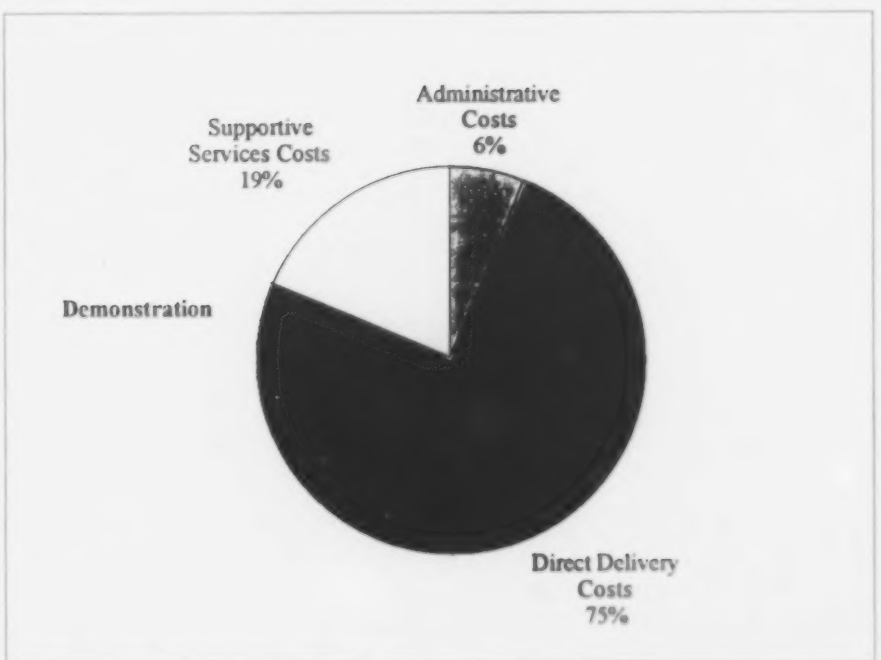




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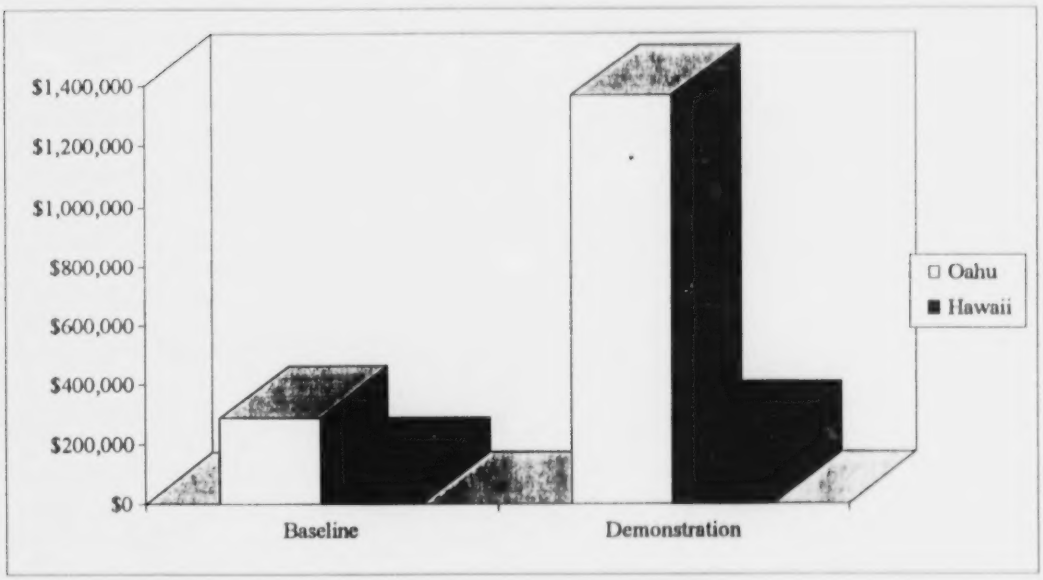
**Figure 4.3**
**Pre/Post Demonstration, Cross-Site Direct Total Costs**




**Cross-Site Per Participant Costs**

As was mentioned earlier, costs per participant and costs per person-month are strongly influenced by changes in participation rates. However, the cost per participant is also influenced by participation duration patterns while costs per person-month are not. Only the per person-month figures will be compared here. The per participant comparison would reveal similar information, only it would not be corrected for differences in participation duration patterns between the two sites.

Figure 4.4 shows the cross-site comparison of costs per person-month. Average costs per person-month were five times higher in the PRIDE demonstration ($1,007) than they were in the comparison site ($243). The per person-month costs doubled in the Hawaii FSE&T program from the baseline to the demonstration period, but in Oahu increased from $142 per person-month to $1,007. The enormous increase in the PRIDE costs per person-month is primarily a result of two effects. First, HDHS and DLIR direct delivery costs and HDHS administrative costs rose dramatically in the demonstration site due to the increase in the scope and intensity of services provided in PRIDE. Furthermore, the number of person-months (including assessed only) fell from 2,053 months during the baseline to 1,357 months during the demonstration. Therefore, there were fewer months across which to average the rapidly increasing direct total costs.

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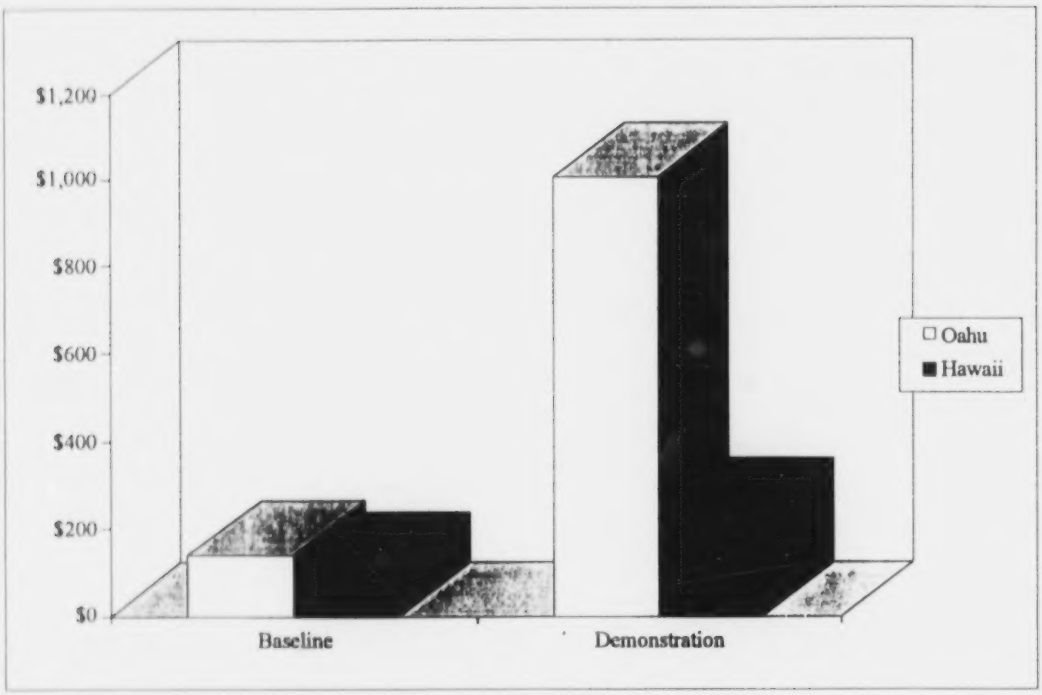
**Figure 4.4**
**Pre/Post Demonstration, Cross-Site Per Person-month Costs**



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## V. Summary and Conclusions

### Summary

The research questions for the cost study were as follows:

1. Was there a significant difference in the cost of the FSE&T demonstration program compared to both the pre-demonstration program and the comparison site program?
2. What were the sources of any identified cost variations?

It is clear that the operation of the PRIDE demonstration program on the island of Oahu required a far greater commitment of resources than was required in the pre-demonstration program or in the comparison site on the island of Hawaii. The total costs of the FSE&T program on Oahu quadrupled from the baseline to the demonstration period. The costs of the FSE&T program in the comparison site doubled from the baseline to the demonstration period, but the increase was small relative to the demonstration site.

The primary source of the increased expenditures in the demonstration site was direct service delivery costs which accounted for almost 80 percent of total costs during the demonstration period. Administrative costs rose quite dramatically, but they represented only about 20 percent of total costs. Support services costs actually declined in the demonstration site.

The cost study conclusion that direct service delivery costs are the source of the increased expenditures in the demonstration site is consistent with the process and implementation findings of increased intensity of service delivery. The PRIDE demonstration increased the intensity and scope of services offered to Food Stamp work registrants, including a detailed assessment of the participants' barriers to employment followed by referral to barrier removal services provided by various community organizations specializing in such areas. These intensive services proved to be much more expensive than the previous model in an attempt to achieve better outcomes for the program participants.

This increase in the scope and intensity of services is also reflected in the per participant and per person-month figures. Both measures showed a dramatic increase from the baseline to the demonstration period. The per person-month cost rose from $142 in the baseline to $1,007 in the demonstration period. The per participant figure increased by even more due to increases in the duration of participation.

The cross-site comparison was complicated by the difference in size between the two sites. Oahu accounted for about 70 percent of Food Stamp cases in the state during the baseline period. The distribution of costs in the two sites was similar. Direct service delivery costs accounted for about 75 to 80 percent of total costs in each site. However, support services accounted for a bigger share in the comparison site, while administrative services accounted for a larger share in the demonstration site.

The per participant and per person-month analysis can provide more insight into the differences in the two sites. The per person-month figures were similar between the two sites in the baseline period, $142 in the demonstration and $112 in the comparison site. However, during the demonstration period that relationship changed dramatically. On Oahu the cost per person-month rose to $1,007, while on Hawaii it rose to only $243. It is in these per person-month figures that the increased scope and intensity of services can be seen producing dramatically different cost results.

**Conclusion**

The PRIDE program on the island of Oahu increased the scope and intensity of its service delivery system in an attempt to better serve the hard-to-serve clients that entered the program as a result of its new targeting model. Particularly, the intensity of assessment services was greatly increased. These intense services and the case management system that supported them required significantly larger program expenditures for each individual client than did the regular FSE&T program. Although the goal of the program was to maximize the employability of these clients, the CHR impact study has discovered very few positive impacts of the demonstration on clients. In light of the cost and impact results from the CHR studies, there seem to be serious questions about whether the type of FSE&T program model used in Hawaii is worth the higher initial expenditures.

## References


Hawaii Department of Human Services. (May 1996). *E&T/JOBS Conformance Demonstration Project Implementation and Process Report*. Employment and Training Office, Hawaii DHS/SSSSD.

Hawaii State Auditor's Office. (January 1995). *Audit of the Department of Human Services' JOBS, Food Stamp Employment and Training, and General Assistance Work Program*. A Report to the Governor and the Legislature of the State of Hawaii.

Schexnayder, Deanna T.; and Olson, Jerry. (May 1997) *Hawaii Food Stamp Employment and Training/JOBS Conformance Demonstration Project: Impact Evaluation Final Report*. Center for the Study of Human Reources, LBJ School of Public Affairs, The University of Texas at Austin.

## Appendix A
## Cost Data Tables

| Total Statewide FSE&T Expenditures | Baseline Period: Jan 92 - Jun 93 | Demo Period: Jan 94-Jun 95 |
|---|---|---|
| 1. Administrative Costs | | |
| a. DHS State Office Administrative Cost (payroll) | $96,517 | $107,392 |
| b. DHS State Office Other Direct Costs (non payroll) | $152,031 | $100,145 |
| c. DLIR Contract Administrative cost | $27,072 | $63,333 |
| d. Fringe Benefits | $16,880 | $175,774 |
| e. Indirect Costs | $39,351 | $89,371 |
| f. Lease Rent Expense | $7,170 | $84,426 |
| Subtotal for Administrative Costs | $339,021 | $620,441 |
| 2. FSE&T Service Costs - Direct Delivery | | |
| a. DHS (Honolulu and Leeward Units) | $4,919 | $751,720 |
| b. DLIR Contract | $360,382 | $750,777 |
| c. Univ. of Hawaii Contract | $0 | $49,637 |
| d. WORKHAWAII Contract | $0 | $86,126 |
| Subtotal for Direct Delivery Costs | $365,301 | $1,638,260 |
| 3. FSE&T Support Services Costs | | |
| a. DLIR child care, transportation, work related expenses | $50,897 | $41,512 |
| b. DHS child care, transportation, work related expenses | $56,010 | $53,406 |
| c. DLIR Work Experience | $7,518 | $2,437 |
| Subtotal for Support Services Costs | $114,425 | $97,355 |
| **Total Statewide FSE&T Expenditures** | **$818,747** | **$2,356,056** |
| Evaluation Costs - Univ. of Hawaii | $0 | $14,971 |
| Evaluation Costs - Univ of Texas | $0 | $212,703 |

Sources: Hawaii DHS and Hawaii DLIR

| Total Oahu (demo) FSE&T Expenditures | Baseline Period: Jan 92 - Jun 93 | Demo Period: Jan 94-Jun 95 |
|---|---|---|
| 1. Administrative Costs | | |
| a. DHS Direct Administrative Cost | $0 | $233,073 |
| b. DLIR Contract Administrative cost | $17,553 | $35,458 |
| Subtotal for Administrative Costs | $17,553 | $268,531 |
| 2. FSE&T Service Costs - Direct Delivery | | |
| a. DHS Direct Delivery | $4,919 | $518,647 |
| b. DLIR Contract Direct Delivery | $226,798 | $422,645 |
| c. Univ. of Hawaii Contracted Direct Delivery | $0 | $49,637 |
| d. WORKHAWAII Contracted Direct Delivery | $0 | $86,126 |
| Subtotal for Direct Delivery Costs | $231,717 | $1,077,055 |
| 3. FSE&T Support Services Costs | | |
| a. DLIR child care, transportation, work related expenses | $35,446 | $765 |
| b. DHS child care, transportation, work related expenses | $0 | $20,791 |
| c. DLIR Work Experience | $7,293 | $150 |
| Subtotal for Support Services Costs | $42,739 | $21,706 |
| **Total Oahu (demo) FSE&T Expenditures** | **$292,009** | **$1,367,292** |

| Total Hawaii (comp) FSE&T Expenditures | Baseline Period: Jan 92 - Jun 93 | Demo Period: Jan 94-Jun 95 |
|---|---|---|
| 1. Administrative Costs | | |
| a. DHS Direct Administrative Cost | $0 | $0 |
| b. DLIR Contract Administrative cost | $6,606 | $14,755 |
| Subtotal for Administrative Costs | $6,606 | $14,755 |
| 2. FSE&T Service Costs - Direct Delivery | | |
| a. DHS Direct Delivery | $0 | $0 |
| b. DLIR Contract Direct Delivery | $90,945 | $175,410 |
| Subtotal for Direct Delivery Costs | $90,945 | $175,410 |
| 3. FSE&T Support Services Costs | | |
| a. Child care and Transportation | $13,551 | $41,512 |
| b. Work Experience | $225 | $1,762 |
| Subtotal for Support Services Costs | $13,776 | $43,274 |
| **Total Hawaii (comp) FSE&T Expenditures** | **$111,327** | **$233,439** |

| Statewide FSE&T Expenditures Per Person-Month | Baseline Period: Jan 92 - Jun 93 | Demo Period: Jan 94-Jun 95 |
|---|---|---|
| 1. Administrative Costs | | |
| a. DHS State Office Administrative Cost | $31.72 | $45.23 |
| b. DLIR Contract Administrative cost | $8.90 | $28.61 |
| c. Fringe Benefits | $5.55 | $79.39 |
| d. Indirect Costs | $12.93 | $40.37 |
| e. Lease Rent | $2.36 | $38.13 |
| Subtotal for Administrative Costs | $61.45 | $231.73 |
| 2. FSE&T Service Costs - Direct Delivery | | |
| a. DHS | $1.62 | $234.26 |
| b. DLIR Contract | $118.43 | $339.10 |
| c. Univ. of Hawaii Contract | $0.00 | $22.42 |
| d. WORKHAWAII Contract | $0.00 | $38.90 |
| Subtotal for Direct Delivery Costs | $120.05 | $634.68 |
| 3. FSE&T Support Services Costs | | |
| a. DLIR child care, transportation, work related expenses | $16.73 | $18.75 |
| b. DHS child care, transportation, work related expenses | $18.41 | $24.12 |
| c. DLIR Work Experience | $2.47 | $1.10 |
| Subtotal for Support Services Costs | $37.60 | $43.97 |
| **Total Expenditures Per Person-Month** | **$219.10** | **$910.38** |

includes demo and comp participants only
includes assessed only

| Oahu FSE&T Expenditures Per Person-Month | Baseline Period: Jan 92 - Jun 93 | Demo Period: Jan 94-Jun 95 |
|---|---|---|
| 1. Administrative Costs | | |
| a. DHS Direct Administrative Cost | $0.00 | $171.76 |
| b. DLIR Contract Administrative cost | $8.55 | $26.13 |
| Subtotal for Administrative Costs | $8.55 | $197.89 |
| 2. FSE&T Service Costs - Direct Delivery | | |
| a. DHS Direct Delivery | $2.40 | $382.20 |
| b. DLIR Contract Direct Delivery | $110.47 | $311.46 |
| c. Univ. of Hawaii Contracted Direct Delivery | $0.00 | $36.58 |
| d. WORKHAWAII Contracted Direct Delivery | $0.00 | $63.47 |
| Subtotal for Direct Delivery Costs | $112.87 | $793.70 |
| 3. FSE&T Support Services Costs | | |
| a. DLIR child care, transportation, work related expenses | $17.27 | $0.56 |
| b. DHS child care, transportation, work related expenses | $0.00 | $15.32 |
| c. DLIR Work Experience | $3.55 | $0.11 |
| Subtotal for Support Services Costs | $20.82 | $16.00 |
| **Total Expenditures Per Person-Month** | **$142.24** | **$1,007.58** |

includes assessed only

| Hawaii FSE&T Expenditures Per Person-Month | Baseline Period: Jan 92 - Jun 93 | Demo Period: Jan 94-Jun 95 |
|---|---|---|
| 1. Administrative Costs | | |
| a. DHS Direct Administrative Cost | $0.00 | $0.00 |
| b. DLIR Contract Administrative cost | $6.67 | $15.42 |
| Subtotal for Administrative Costs | $6.67 | $15.42 |
| 2. FSE&T Service Costs - Direct Delivery | | |
| a. DHS Direct Delivery | $0.00 | $0.00 |
| b. DLIR Contract Direct Delivery | $91.86 | $183.29 |
| Subtotal for Direct Delivery Costs | $91.86 | $183.29 |
| 3. FSE&T Support Services Costs | | |
| a. Child care and Transportation | $13.69 | $43.38 |
| b. Work Experience | $0.23 | $1.84 |
| Subtotal for Support Services Costs | $13.92 | $45.22 |
| **Total Expenditures Per Person-Month** | **$112.45** | **$243.93** |

includes assessed only

| Statewide FSE&T Expenditures Per Participant | Baseline Period: Jan 92 - Jun 93 | Demo Period: Jan 94-Jun 95 |
|---|---|---|
| 1. Administrative Costs | | |
| a. DHS State Office Administrative Cost | $35.81 | $63.10 |
| b. DLIR Contract Administrative cost | $10.05 | $39.91 |
| Subtotal for Administrative Costs | $45.86 | $103.01 |
| 2. FSE&T Service Costs - Direct Delivery | | |
| a. DHS | $1.83 | $326.81 |
| b. DLIR Contract | $133.72 | $473.08 |
| c. Univ. of Hawaii Contract | $0.00 | $31.28 |
| d. WORKHAWAII Contract | $0.00 | $54.27 |
| Subtotal for Direct Delivery Costs | $135.55 | $885.44 |
| 3. FSE&T Support Services Costs | | |
| a. DLIR child care, transportation, work related expenses | $18.89 | $26.16 |
| b. DHS child care, transportation, work related expenses | $20.78 | $33.65 |
| c. DLIR Work Experience | $2.79 | $1.54 |
| Subtotal for Support Services Costs | $42.46 | $61.35 |
| **Total Expenditures Per Participant** | **$223.86** | **$1,049.79** |

includes demo and comp participants only
includes assessed only

| Oahu FSE&T Expenditures Per Participant | Baseline Period: Jan 92 - Jun 93 | Demo Period: Jan 94-Jun 95 |
|---|---|---|
| 1. Administrative Costs | | |
| a. DHS Direct Administrative Cost | $0.00 | $307.08 |
| b. DLIR Contract Administrative cost | $9.71 | $44.60 |
| Subtotal for Administrative Costs | $9.71 | $351.68 |
| 2. FSE&T Service Costs - Direct Delivery | | |
| a. DHS Direct Delivery | $2.72 | $652.39 |
| b. DLIR Contract Direct Delivery | $125.44 | $531.63 |
| c. Univ. of Hawaii Contracted Direct Delivery | $0.00 | $62.44 |
| d. WORKHAWAII Contracted Direct Delivery | $0.00 | $108.33 |
| Subtotal for Direct Delivery Costs | $128.16 | $1,354.79 |
| 3. FSE&T Support Services Costs | | |
| a. DLIR child care, transportation, work related expenses | $19.61 | $0.96 |
| b. DHS child care, transportation, work related expenses* | $0.00 | $26.15 |
| c. DLIR Work Experience | $4.03 | $0.19 |
| Subtotal for Support Services Costs | $23.64 | $27.30 |
| **Total Expenditures Per Participant** | **$161.51** | **$1,733.77** |

includes assessed only

| Hawaii FSE&T Expenditures Per Participant | Baseline Period: Jan 92 - Jun 93 | Demo Period: Jan 94-Jun 95 |
|---|---|---|
| 1. Administrative Costs | | |
| a. DHS Direct Administrative Cost | $0.00 | $0.00 |
| b. DLIR Contract Administrative cost | $7.45 | $16.63 |
| Subtotal for Administrative Costs | $7.45 | $16.63 |
| 2. FSE&T Service Costs - Direct Delivery | | |
| a. DHS Direct Delivery | $0.00 | $0.00 |
| b. DLIR Contract Direct Delivery | $102.53 | $197.76 |
| Subtotal for Direct Delivery Costs | $102.53 | $197.76 |
| 3. FSE&T Support Services Costs | | |
| a. Child care and Transportation | $15.28 | $46.80 |
| b. Work Experience | $0.25 | $1.99 |
| Subtotal for Support Services Costs | $15.53 | $48.79 |
| **Total Expenditures Per Participant** | **$125.51** | **$263.18** |

includes assessed only

| Total Statewide FSE&T Expenditures | Total Cost | | Percentage of Total Cost | |
|---|---|---|---|---|
| | Baseline | Demo | Baseline | Demo |
| 1. Administrative Costs | $339,021 | $620,441 | 41.4% | 26.3% |
| 2. FSE&T Service Costs - Direct Delivery | $365,301 | $1,638,260 | 44.6% | 69.5% |
| 3. FSE&T Support Services Costs | $114,425 | $97,355 | 14.0% | 4.1% |
| **Total Statewide FSE&T Expenditures** | **$818,747** | **$2,356,056** | 100% | 100% |

**includes Pride expenditures**

| Total FSE&T Expenditures - Oahu (Pride) | Total Cost | | Percentage of Total Cost | |
|---|---|---|---|---|
| | Baseline | Demo | Baseline | Demo |
| 1. Administrative Costs | $17,553 | $268,531 | 6.0% | 19.6% |
| 2. FSE&T Service Costs | $231,717 | $1,077,055 | 79.4% | 78.8% |
| 3. FSE&T Support Services Costs | $42,739 | $21,706 | 14.6% | 1.6% |
| **Total FSE&T Expenditures - Oahu (Pride)** | **$292,009** | **$1,367,292** | 100% | 100% |

| Total FSE&T Expenditures - Hawaii (comp) | Total Cost | | Percentage of Total Cost | |
|---|---|---|---|---|
| | Baseline | Demo | Baseline | Demo |
| 1. Administrative Costs | $6,606 | $14,755 | 5.9% | 6.3% |
| 2. FSE&T Service Costs - Direct Delivery | $90,945 | $175,410 | 81.7% | 75.1% |
| 3. FSE&T Support Services Costs | $13,776 | $43,274 | 12.4% | 18.5% |
| **Total FSE&T Expenditures - Hawaii (comp)** | **$111,327** | **$233,439** | 100% | 100% |